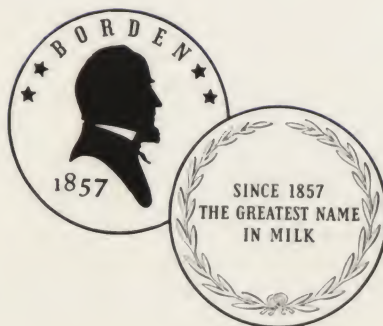


The Borden Company

85TH ANNUAL REPORT



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— 1942 —

BOARD OF DIRECTORS

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Chairman of the Board
New York

HAROLD W. COMFORT
Vice-President
New York

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Milwaukee

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Assurance Society of the United States
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Baltimore

MADISON H. LEWIS
Pioneer Ice Cream Division
New York

BEVERLEY R. ROBINSON
Milbank, Tweed & Hope
New York

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General Foods Corporation
New York

THEODORE G. MONTAGUE
President
New York

HARRY A. ROSS
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New York

ROBCLIFF V. JONES
Vice-President
New York

MARCUS M. MUNSILL
New York

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Executive Vice-President
New York

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THEODORE G. MONTAGUE
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GEORGE M. WAUGH, JR.
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A. BROOKS PRAY, *Assistant Treasurer †*

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DOUGLAS T. ORTON, *Assistant Secretary †*

ARTHUR W. RAMSDALL, *Vice-President*

THEODORE D. WAIBEL, *Assistant Secretary*

HARRY A. ROSS, *Vice-President*

‡Appointed Assistant Vice-President, January 4, 1943

*Retired December 31, 1942

†Elected January 26, 1943

EXECUTIVE OFFICES

350 Madison Avenue, New York City

REGISTERED OFFICE

117 Main Street, Flemington, N. J.

TRANSFER AND DIVIDEND DISBURSING AGENT

THE CHASE NATIONAL BANK OF THE
CITY OF NEW YORK
11 Broad Street, New York City

REGISTRAR

BANKERS TRUST COMPANY
16 Wall Street, New York City

COUNSEL

MILBANK, TWEED & HOPE
15 Broad Street, New York City

AUDITORS

HASKINS & SELLS
22 East 40th Street, New York City

In short, we are still faced with many conditions which we had hoped would be resolved in the first six months of the postwar period.

Although the situation has been discouraging to the men who have worked so hard to carry out our program, the over-all picture is not too dark. Progress has been made. While conditions are not entirely satisfactory, they show improvement. They provide grounds for hope that planning may be put to work more effectively in the coming months.

THEODORE G. MONTAGUE

FAMOUS LADY

What glamour queen is better known than such celebrities as James Byrnes, Ed Stettinius, Albert Einstein or Van Johnson? The answer, of course, is our own Elsie, and the facts were determined by a recent survey which asked people to identify Elsie with the company she represented. 58 per cent of the people questioned answered correctly as against 52 per cent in 1944. Other celebrities, subjects of similar surveys, and the percentage of persons able to identify them include: Van Johnson, 43 per cent; Albert Einstein, 48 per cent; James Byrnes, 44 per cent; Ed Stettinius, 57 per cent. Since Elsie advertisements appear chiefly in magazines, and not more than 75 per cent of the population take magazines, this 58 per cent identification stands as a remarkable figure and speaks eloquently of the penetration of Borden's advertising as well as the personality of the lady in question.





KITCHEN PROBLEMS

Not all Borden research is a matter of test tubes and retorts. With the war's end and the company's plans for new products taking form, a special type of research has become particularly important. This is carried on in the Borden Kitchen at 350 Madison Avenue in New York. Here, under the direction of a skilled home economist, new products are tested before they are introduced on the market. Although modern in every detail, great care is taken in the kitchen to simulate conditions under which the average housewife must work in preparing meals. In this way the consumer is assured that Borden products are practical and easy to use. In addition new recipes for existing products are constantly being developed. These must be nutritious and tasty as well as meet the tests of practicality and ease of preparation. Such recipes reach the consumer through promotional literature and the home-making pages of newspapers and magazines. Another phase of the kitchen's

STAR OVER BAINBRIDGE

Announcement has been made that the Bainbridge plant of our Manufactured Products Division has been awarded a star for its Department of Agriculture "A" Achievement flag, denoting continued high production of dry whole milk for the government. The "A" Award was presented to the New York State plant in Jan., 1945, and was the first of four to Borden plants.

DIVIDENDS IN SAFETY

"If It's Borden's It's Got To Be Safe" is our Bureau of Safety's slogan. With the accident and fatality rates in the country on the upgrade, Borden's nationwide record is showing a marked drop. In the first nine months of 1945, for example, motor vehicle accidents resulting in employee deaths decreased 25 per cent over the previous years, while the national fatality rate increased 14 per cent. The frequency of all types of accidents in Borden operations was less than half that of the over-all dairy industry as reported by the United States Bureau of Labor Statistics.

These records are the result of a constant, intensive drive to bring home the rules of safety to employees and management alike. The benefits are many. Fewer accidents mean greater efficiency, less time lost, lower compensation rates and higher morale. Em-



ployees are enthusiastic participants in safety campaigns and subscribe to the theory that "a safe place to work is a good place to work."

activities deals with complaints and special problems of housewives. When these are received, careful checks are made to discover the error of the housewife or the solution to her problem. The Borden Kitchen is part of the company's Consumer Services Department.

STANDARDIZED LIMBURGER

Limburger cheese enthusiasts, despite some lifted eyebrows from the uninitiated, are demanding when it comes to flavor and quality of their favorite delicacy. Assurance of these two requisites is offered connoisseurs by the product of our Cheese Division's newly remodeled plant at Blanchardsville, Wisconsin. Specializing in the production of half-pound packages, the plant is the most modern of its kind. Scientific controls during making, salting and curing the cheese insure a standard product of top flavor to suit the most discriminating enthusiast. Borden's limburger cheese also serves to confound detractors, for the control of the process, while retaining the full-bodied flavor required of limburger, has achieved a marked reduction in the odor to which the unknowing object.





BEFORE presenting to stockholders the report of the company for the first year of the present war, we should first acknowledge with appreciation and thanks the extraordinary efforts and accomplishments of Borden employees during this critical and trying period.

Dairy farmers, too, made an outstanding contribution. More milk was produced in 1942 than in any previous year, despite the shortage of farm help and other wartime restrictions.

In our business, as in others, it was a year of violent change. New problems arose, making new and sometimes novel solutions imperative. Sacrifices were necessary, and they were cheerfully accepted.

We are now launched into 1943. We shall have less to sell old customers, less ice cream, powdered milk, evaporated milk, cheese, fluid milk and cream—less of many other items of our normal line of products. We shall give more and more of what we do have to help the army, navy and lend-lease. We have price control,

wage and salary control. We shall ride less and walk more. We have rationing, priorities, transportation and manpower problems, all of which we accept willingly, and we resolve to find sound and ingenious ways to overcome these problems and to contribute maximum effort to our country, our industry, our customers and our company.

The year ahead will be hard, but not too hard. Borden morale, never higher than in 1942, will be even higher in 1943. Borden people will carry on with the same smile, the same spirit of cooperation, the same devotion and the same determination.

The outcome is not in doubt.

* * * * *

The report of 1942 operations is presented on the following pages.

Theodore G Montague

President

This Annual Report is solely for the general information of the Stockholders and Employees of The Borden Company, and is not a part of the material to be used in soliciting proxies for the Annual Meeting of Stockholders to be held April 21, 1943. It is expected that any material for the solicitation of proxies for the Annual Meeting, along with a form of proxy, will be sent to the Stockholders on or about March 27, 1943.

To Stockholders and Employees

There is submitted herewith the annual report of The Borden Company for the year ended December 31, 1942.

SALES

Sales of \$325,350,306 for 1942 compared to \$259,128,514 for 1941. This represents an increase of 25.6%.

The increase in sales is due in part to somewhat higher unit prices on many items, and in part to increased unit volume in all major divisions except Export, where activities were naturally curtailed. Profits, however, were not uniformly increased. Our operations in the Fluid Milk Division, particularly in the large centers such as New York and Chicago, continued to provide unsatisfactory returns on the heavy investments required for fluid milk distribution.

As in 1941, large quantities of dairy products were needed to meet government demands, and the company has done its utmost to provide its share of the increase. Civilian requirements also increased greatly, causing occasional shortages in some markets during the late Fall. The company is wholeheartedly cooperating with government authorities in their efforts to increase production, not only on the farms, but also in manufacturing plants which already have the equipment to process the products most needed.

For some years past the company has aggressively pursued diversification of its product activities. Many new Borden products, recently developed, reached new high sales volume in 1942. However, the current shortages of materials, containers and equipment have made further expansion more difficult, except for those items which are required for government use. The company is continuing its efforts during 1943 toward the development of new and improved products, but emphasis will be confined largely to those products which contribute to our war effort. As an example of this contribution, the company is now producing substantial

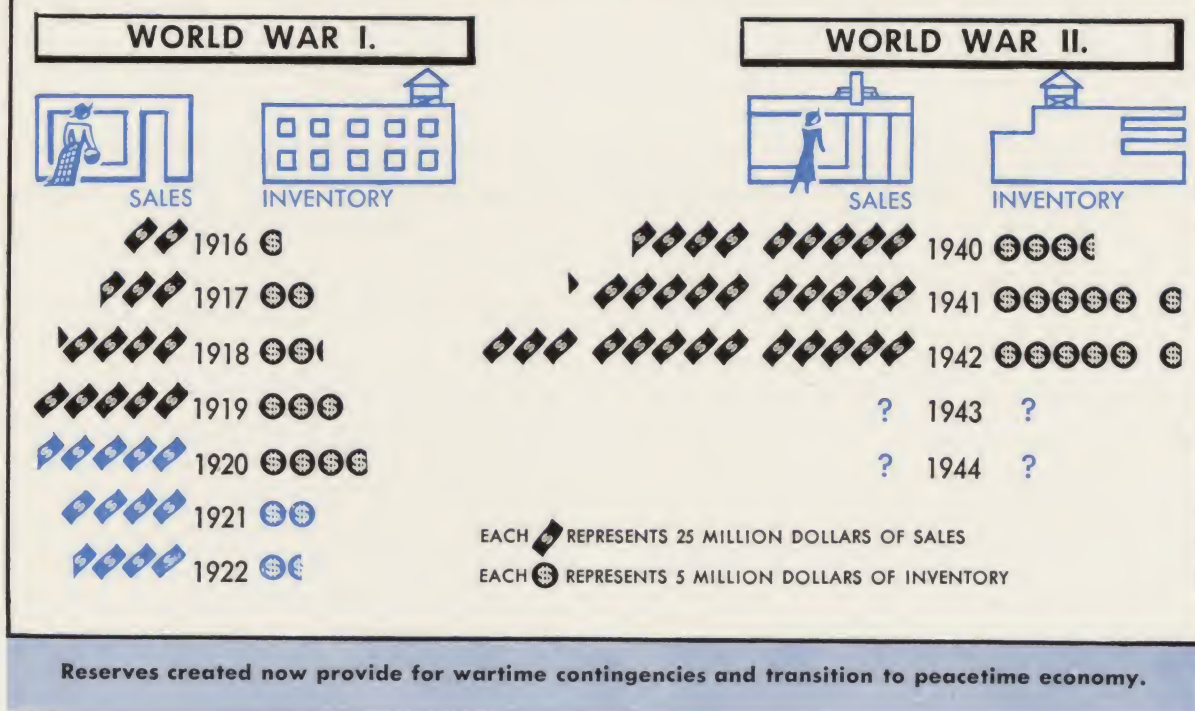
quantities of dehydrated soup, dried eggs, dried lemon and orange juices and dehydrated coffee extract for military use, and production will be materially increased during 1943.

NET INCOME AND DIVIDENDS

Total Net Income for 1942 was \$8,379,654. This is equivalent to 2.6% return on sales, and represents \$1.91 per share of capital stock outstanding. In 1941 the company earned \$8,270,572, equivalent to 3.2% of sales and \$1.88 per share. Net Income includes all earnings of Canadian subsidiaries converted to their U. S. dollar equivalent at the official exchange rate. These Canadian earnings, after such conversion, exceeded remittances from Canada to the United States by \$175,706. Earnings from United States and Canadian export business are included in Net Income in U. S. dollars. The company's share of approximately \$65,000 in the net income of unconsolidated foreign affiliates is not included and no dividends were received from those operations during the year.

The company set aside \$2,500,000 to the Special Contingency Reserve in 1942. This compares with a provision of \$1,500,000 in 1941. These provisions now aggregate \$4,000,000 for the two years. It is impossible to foresee the economic disturbances which may result from the present conflict or from the return to a peacetime economy. Naturally under these circumstances, the company is unable to determine accurately the ultimate amount which may be required for this purpose. After the last World War, the company's losses on inventory, accounts receivable, foreign exchange, purchase contracts, etc. amounted to several million dollars, although the annual volume of business at that time was only about \$110,000,000. While the company is striving to minimize similar losses in the future, it seems inevitable that such losses will occur due to present conditions.

SALES AND INVENTORIES IN TWO WAR PERIODS



The company also set aside \$900,000 for Deferred Repairs and Maintenance. During 1942, it was extremely difficult to get replacements and repair parts to maintain equipment properly. Therefore this reserve has been created from earnings to absorb the cost of these deferred repair and maintenance items when subsequently made. Inasmuch as it seems likely that similar conditions will continue in 1943, some further provision to this reserve may be advisable.

Dividends aggregating \$1.40 per share were paid in 1942 as follows: 30¢ each on March 2, June 1 and September 1, and 50¢ December 19. This was the same total rate as was paid in 1941. The dividend in December, 1942 was the 131st in the series of continuous payments which have been made to stockholders during every year for the last 44 years.

NET WORKING CAPITAL

At the close of the year Current Assets amounted to \$77,656,859 and Current Liabilities were \$19,282,081, resulting in Net Working Capital of \$58,374,778. The ratio of Current

Assets with which to pay Current Liabilities was therefore \$4.03 to \$1.00. This compares with a ratio of \$3.43 to \$1.00 at December 31, 1941 when Net Working Capital was \$50,693,352. These amounts include net current assets of Canadian subsidiaries at their U. S. dollar equivalent of \$4,753,408 and \$4,317,318 respectively.

In November, 1942 the company paid the first maturity of \$501,000 on the \$12,000,000 of 2% notes which were issued in 1941, as outlined in that year's report. This payment reduces the balance outstanding to \$11,499,000, of which \$501,000 is payable annually until 1950, the remaining balance of \$7,491,000 being due in 1951.

These borrowed funds were needed principally to carry inventories, aggregating \$28,847,337 at December 31, 1942 and \$28,695,549 at the close of 1941. These amounts average about \$10,000,000 more than for pre-war years. The increase was caused in part by higher prices, and in part by greater quantities needed to provide for our regular business, for the greatly augmented requirements of our own military and naval forces and for the fulfillment of the government's lend-lease program.

On account of the abnormal demands made upon some divisions of the Manufactured Products group, our normal inventories of finished goods were critically depleted. This condition was particularly acute in powdered milk, cheese, condensed milk and evaporated milk. In order that these inventories, when restored, through subsequent production, to the quantities held at the beginning of 1942, may be carried at values which existed at that time, it was necessary to provide a reserve of \$2,039,075, which was charged to 1942 earnings to absorb the expected increased replacement cost.

Marketable Securities included substantial additions of U. S. Government securities, which were purchased during the year 1942 to assist in the war effort. The company also made material subscriptions to Canadian Government issues during the year. All holdings of Canadian bonds are included at their U. S. dollar equivalent. Marketable securities at December 31, 1942 are shown in the balance sheet at their cost value of \$9,586,707 compared with \$9,719,405 market value as of the same date.

The company also purchased during 1942 \$8,800,000 of U. S. Treasury tax notes, which will be used to discharge the company's liability for U. S. income taxes for that year. These tax notes are shown as an offset to the company's estimated tax liability on the balance sheet. The Canadian income tax liability at December 31, 1942 was also lower by reason of a "pay-as-you-go" method made effective July 1, 1942, whereby approximately half of the current year's taxes were paid before the end of the year.

TAXES

Taxes of every nature for 1942 (including Social Security taxes) amounted to \$15,096,404, or \$3.45 per share, as compared to \$8,593,518, or \$1.95 per share, in 1941.

No provision was necessary by The Borden Company for U. S. excess profits taxes due to the invested capital credits carried over from previous years. A small amount of excess profits taxes was accrued by three relatively unimportant U. S. subsidiaries, two of which have since been merged. The Canadian taxes on income were about \$250,000 in excess of what would have been normal income taxes if the excess profits

tax rates had not applied. The high taxes in Canada were not due to excessive profits, but were caused largely by the fact that beginning July 1, 1942 all earnings in excess of 70% of the average four year pre-war earnings were subject to a tax rate of 100%, less a 20% Post War Credit.

MISCELLANEOUS ASSETS

Miscellaneous Assets after reserves aggregated \$3,165,184 at the end of 1942. These assets consist chiefly of investments in, and advances to, foreign affiliated companies; mortgages taken upon the sale of properties no longer needed, and receivables from the sale of equipment. Because of the nature of these assets, or the time necessary to effect their liquidation, an additional reserve of \$500,000 was provided from earnings in 1942.

The amount of investments in, and advances to, foreign affiliated companies is shown as a separate item in the balance sheet for the first time. This represents our interests in foreign companies, principally in Central and South America, in which the company is the sole stockholder or a substantial one. The increasing opportunities in those territories make it likely that these investments and advances will increase in subsequent years.

PROPERTIES

The Budget of Capital Expenditures for 1942 was approved by the Board of Directors in the amount of \$5,899,734.



Hundreds of routes have been changed to horse-drawn vehicles to save gasoline and rubber.

For some years past the company's capital expenditures have ranged between \$5,500,000 and \$6,500,000 per year. It is estimated that this represents about the minimum necessary to provide adequate replacement of the company's operating properties and to provide for limited amounts of additional equipment and building construction in the various divisions of the company. Due to the difficulty in obtaining equipment and construction materials, the company's Budget of Capital Expenditures for 1943 has been reduced to \$4,117,328.

Because of the greatly increased demands on our Manufactured Products Division, large sums were expended in 1942 to provide for increased production of powdered milk and other dried foods required by governmental agencies. All projects involving the use of critical materials are being closely examined, and work has been deferred on all construction which can be postponed and which does not directly contribute to the war effort.

TOTAL ASSETS

Total Assets at December 31, 1942 amounted to \$150,804,120 as compared to \$145,085,631 at December 31, 1941.

Assets in Canada, after depreciation and exclusive of Current Assets, on December 31, 1942 amounted to \$5,361,969 as compared to \$5,467,542 on December 31, 1941. These assets are included at parity of the foreign exchange which generally reflects their U. S. dollar value at the time when such assets were acquired or constructed. This represents 7.3% of the Total Assets, other than Current Assets, on December 31, 1942.

CAPITAL STOCK

There was no change in the authorized Capital Stock, but the outstanding shares were reduced in 1942 by company purchases of 20,000 shares. These shares are held in the Treasury for subsequent corporate use.

Except for the \$11,499,000 of 2% notes outstanding, the capital structure continues without any securities senior to its common stock.

The 4,376,704 shares of Capital Stock outstanding December 31, 1942 were held by 49,034 stockholders with an average holding of

89 shares, which compares with 48,635 stockholders with an average holding of 90 shares of the stock outstanding on December 31, 1941.

ICE CREAM

The increasing realization on the part of the public of the nutritional qualities of ice cream as a year-around dairy food was reflected in



Ice cream for sailors aboard newest type of United States cruiser.

increased sales in the Ice Cream Division, and sales for the year reached a new high volume. Demands of the armed forces were particularly heavy, and it is noteworthy that the per man consumption of ice cream by men in the service is considerably greater than per capita civilian consumption, indicating the prominent place ice cream occupies as both a morale builder and a nutritious food for our soldiers and sailors.

Problems of production and distribution increased during the year. On account of rationing and curtailment of many raw materials, both assortment of product and delivery service were drastically reduced. In some localities it was difficult, and often impossible, to supply new customers, as cabinets and additional delivery facilities were not possible to obtain.

There may be additional curtailments during 1943, but the future for ice cream is not in doubt. It occupies a prominent place in the American diet because it provides all the good nutrition of milk in a most pleasing and palatable form.

The company will continue to expand its ice cream facilities just as soon as equipment and materials are again available.

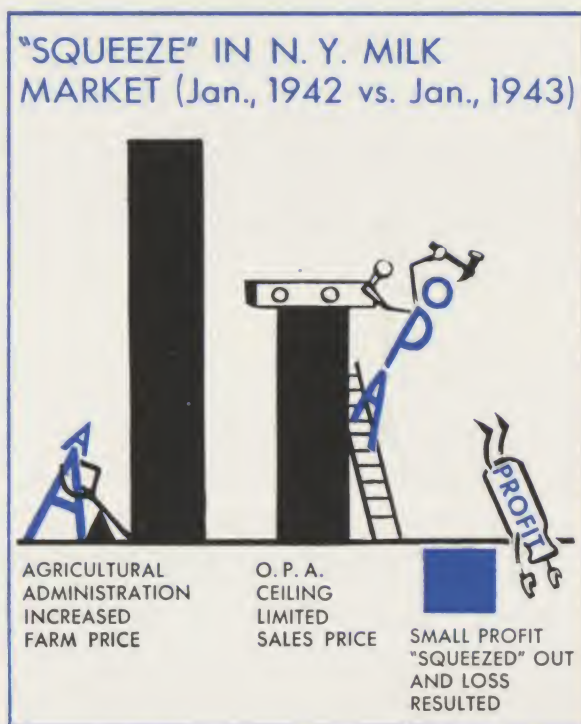
FLUID MILK DIVISION

The operations of the Fluid Milk Division again showed consistent progress in the smaller communities, but problems of increasing severity were encountered in the larger cities, particularly New York. Selling prices generally were somewhat higher, but in most cases did not reflect the advances in prices to the farmer. While unit volume reached the highest levels of recent years, the consequent effect on costs was not sufficient to overcome the rapid advances in farm prices, labor and operating costs. This has been particularly true in markets under Federal or State Milk Control. In many locations our operations have been "squeezed" by orders of one department of the Federal Government to pay more to farmers, while another agency of

government has refused to give relief in the form of permitting these increased costs to be reflected in justified higher selling prices. This situation became very acute during the late Fall. In Metropolitan New York, the year's operations were unprofitable, substantial losses having been sustained in the last four months of the year.

It is difficult to see how private enterprise can long endure in any industry unless each governmental agency gives full consideration in its edicts to the orders and demands of other governmental agencies. Certainly the margins available to the milk distributor are, and have been, so small that any increase, either in the cost of milk or of labor, must be reflected in increased selling prices if private industry is to continue this essential service of milk delivery.

The current shortages of manpower, gasoline, tires, etc. have brought some interesting innovations into the distribution of milk. In many cities every-other-day delivery to homes has been adopted, and the number of deliveries to stores and institutions has been reduced. This has been well received by the consuming public and has resulted in placing deliveries on a more efficient basis thus contributing to the war effort. Your company has given intensive study to possible practicable methods of lowering distribution costs, and some progress can be reported. Substantial results can only become a reality however, when the problem is approached sympathetically and realistically by government, the farmer, labor and the industry.



MANUFACTURED PRODUCTS

Nearly all products in this group experienced unusual demand, and our sales of many items were limited only by our ability to produce. Although production was increased, the demands of government agencies were so large that we were unable to supply fully the civilian demand. This was particularly true of powdered milk. In the late Fall, the government, in order to assure itself of supplies, reserved 90% of all spray process powdered skim milk manufactured in the United States. Heavy demands are also in prospect for powdered whole milk, and although the company will have several new dehydrating plants in operation early in



Hemo is as popular at the soda fountain as in the home.

1943, their capacity will be used entirely for government requirements.

It is interesting to point out that the company has been able to adapt its dehydrating equipment, which, of course, was originally designed for milk, to the production of several other products, such as dried lemon juice, dried egg powder, dried coffee extract and dehydrated soup. This has been a helpful contribution to the war effort, and the company will continue to make its dehydrating equipment available for such use.

Evaporated and condensed milk continued to demonstrate good performance but, as was the case with many other dairy products, there was insufficient supply during the late Fall months to cover completely the civilian demand. Inasmuch as the quantity of cans which may be used has been limited by the War Production Board in order to conserve tin and steel, it will be impossible in 1943 to equal 1942 production.

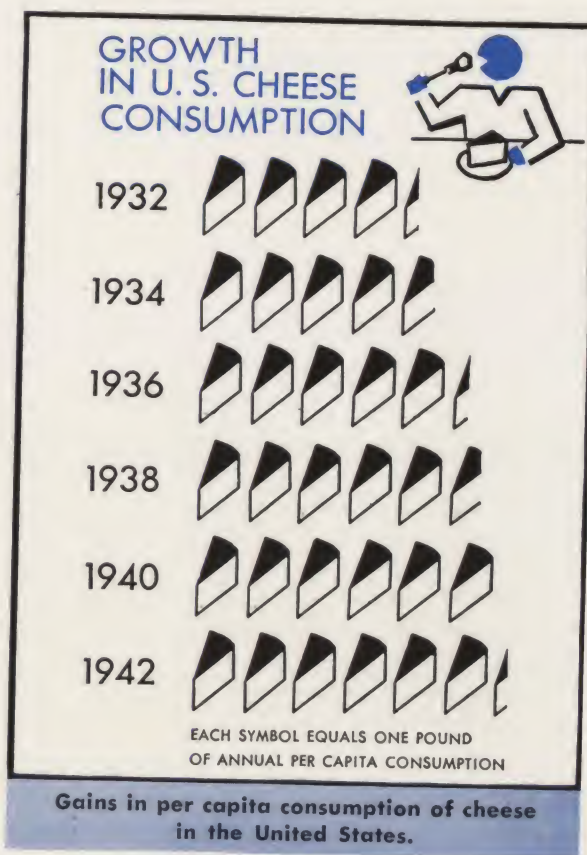
Sales of the new product, Hemo, reached gratifying totals, and despite the initial advertising and promotion costs, a satisfactory profit was realized. While production was maintained at the highest possible level, it was frequently impossible to satisfy demand. During the year the company changed the Hemo package from tin to glass in order to conserve tin plate. The company had planned to build a new factory in the East, but on account of the difficulties in obtaining equipment, this project will have to await the winning of the war.

Malted milk, mince meat and other products showed good sales and profit experience, and while shortages of materials and containers make further growth unlikely in 1943, the outlook is satisfactory.

CHEESE

The Cheese Division again reached a new high sales volume, and while much cheese was furnished government agencies, the company was able to enlarge its own distribution facilities. New warehouses and sales agencies were opened in the South and on the West Coast. The increased sales of Borden's Military Brand Camembert and Brie, Borden's Liederkranz cheese and Borden's Cocktail Spreads are convincing evidence of their increasing popularity with the consuming public.

In 1943 about one-half of the total American production of Cheddar cheese will be required for the armed forces and lend-lease, and although every effort is being made by the government, the farmer and the industry to in-



crease the supply, the balance of available production may not be equal to the civilian demand.

Cheese consumption per capita in the United States has never equaled the consumption in some other countries. The company believes that a real opportunity will present itself after the war to promote additional cheese consumption among the American people.

PRESCRIPTION PRODUCTS

The principal products in this group are Biolac, Dryco and Beta Lactose, popular infant foods; Klim, the well-known Borden powdered whole milk; and, of lesser significance, Mull-Soy, a vegetable food product prescribed by doctors as a milk protein substitute. Over-all sales showed increases.

CASEIN AND ADHESIVES

Casein sales were smaller than last year, not only because of diminished demand for coated paper, which is the largest single normal use for this product, but also for the reason that skim milk, from which casein is made, was much more urgently needed for food supply and accordingly was diverted.

Peacetime industrial uses for adhesives have, of course, declined considerably, but new uses in war work have helped compensate for the loss of civilian demand. We have continued to develop synthetic resin adhesives and their use is steadily increasing.

The company is actively pursuing additional research in both casein and synthetic adhesives in an effort to develop additional products for sale by this division.



Airplane for cargo or troop movement, made from plywood bonded with synthetic glues.



Packaging Borden's vitamin-rich Ration-ayd poultry feed supplement.

SPECIAL PRODUCTS DIVISION

Newly developed products in the poultry and animal food fields have been the means of increasing our volume and have also better coordinated our operations.

Vitamin fortification of foods has materially increased our activities and this field promises much for the future.

Raw material supplies are becoming a problem, but the company has strengthened itself as best it could to meet this situation. A part of the raw material supply is obtained on the Pacific Coast where the company operates a fishing fleet. The principal use to which the catch is put is the extraction and concentration of vitamins from the livers and oils.

Corollary to the production of vitamins, however, are sales of fish meal for animal feeding, as well as fresh and canned fish. Sardines, herring, mackerel and tuna are canned, principally for government use now, but after the war will be available for the consumer market.

Expansion will be made in 1943 in new fields where basic raw materials can be had, and our future in this direction looks most encouraging.

EXPORT

The sales of the Export Department include many Borden products which, under normal conditions, are distributed through most of the principal countries of the world, and in recent years our export business has increased substantially.

Sales for the year 1942 were good, considering the numerous handicaps surrounding any export activity in wartime. Some foreign markets where our products have enjoyed good demand are now entirely closed to us. In the markets still remaining open to United States trade we have maintained a satisfactory volume.

The major factor determining volume of sales under present conditions is availability of shipping space. The heavy demand by the United States Government for our products is also, and will continue to be, a strong factor influencing our export business. It is becoming increasingly difficult to keep even the Western Hemisphere markets supplied and the outlook for 1943 is not encouraging.

RESEARCH

The adoption in recent years of a policy of greater diversification of products by The Borden Company necessitated a revision of research activities. Starting as adjuncts of a dairy products company, it was but natural that the Research Laboratories should devote their major efforts to discovering more about the nutritive value of milk and means of improving the products made from it. Even when research led to the development of a new product, that product usually had milk as a base. Expansion of the company resulted in a certain amount of product diversification, and research on such products tended to divert some of the effort expended on milk and dairy products. Within the last few years, however, the whole research program of The Borden Company has been revised so as to speed up the development of new products, particularly those which are not based on milk.

Quality control and product improvement were largely disassociated from research and placed in control laboratories. Moreover, existing research laboratories located at Bloomfield, N. J., Bainbridge, N. Y., Elgin, Ill., and San Francisco, Calif., were expanded or strengthened,



Golden Hamsters, small laboratory animals native of Near East, speed up vitamin assays.

with basic research, whether on milk or other products, being directed into channels which are most likely to permit profitable application of the results attained.

The new laboratory, established in the home office building, is currently developing new products for government use and it is expected that these products will be added to the Borden line at the appropriate time.

No research program of a progressive company can remain static. Borden research has speeded up rather than slackened, particularly in those fields directly or indirectly aiding the war effort.

INCENTIVES

As reported to stockholders in previous years, it has been the practice of the company for many years to provide incentive compensation to key members of the organization because the success of any organization largely depends on the initiative, ability and resourcefulness of its various managers and executives. This is particularly true of Borden's, whose operations are becoming increasingly diversified, both product-wise and geographically. There is no way in which effective and resourceful management can be secured and maintained except by placing upon the shoulders of individual executives in the various operations of the company, throughout the country and in foreign lands, broad re-

sponsibilities and, with these responsibilities, opportunity through accomplishment for additional financial reward.

About six hundred and fifty men in Borden's, including plant engineers, superintendents, branch sales managers, plant managers, district managers, heads of subsidiary companies and vice-presidents, were afforded the opportunity to earn additional compensation for 1942 based upon factors reflecting their accomplishments. The measurement varies according to the employee's position. In some cases additional compensation is partially based on sales volume improvement, some on cost reduction and some on profit improvement. In all instances a basic accomplishment must be achieved each year before any incentive compensation can be paid, and increased payments are generally made for progressively better results.

The company's plan, as approved by the Board of Directors, is divided into two parts:

- (1) Employees Incentive Compensation Plan
- (2) Officers Incentive Compensation Plan

Limitations are established by the Board of Directors in both instances.

Under the Employees Incentive Compensation Plan, about 645 employees were designated as eligible, and of these about 535 earned approximately \$735,000 for 1942. As indicated above, these amounts were earned by very wide classes of employees for their particular accomplishments in their own fields of operation.

Under the Officers Incentive Compensation Plan, \$54,500 was earned by 9 officers for 1942. The incentive compensation for operating officers recognizes the profit performance of the division over which they have executive responsibility. The Chairman of the Board and the President are not eligible to participate in any incentive compensation.

It will be noted that 93% of the total incentive compensation was earned by employees and only 7% by officers.

The management of the company cannot over-emphasize the importance of the broad policy of rewarding executive and managerial talent with proper additional compensation so as to attract and retain to the company the ability, resourcefulness and executive skill so vital to our continued successful operation.

EMPLOYEE RELATIONS

The company has long recognized the mutual values of a sound Employee Relations Program. These values are specially apparent in time of war, when work must be carried on under the serious difficulties of pressure, emotional distraction and personnel dislocation.



Employees trained in first aid man truck converted to civilian defense ambulance.

The company is building soundly in this respect, upon the foundation of fair compensation, proper working conditions, continuity of employment, opportunity for advancement, safety, education and training, health and medical service, group life, health and accident insurance and provision for retirement. The company's policies are cooperative and democratic, and directed to the end of improved mutual understanding and respect.

The effect of these policies is evidenced by high employee morale and willingness to carry on under abnormal conditions, not only in company work, but in the contribution of time and money to patriotic causes. Borden employees are engaged in every type of civilian war work, and most of them are purchasing War Savings Bonds through the payroll deduction plan.

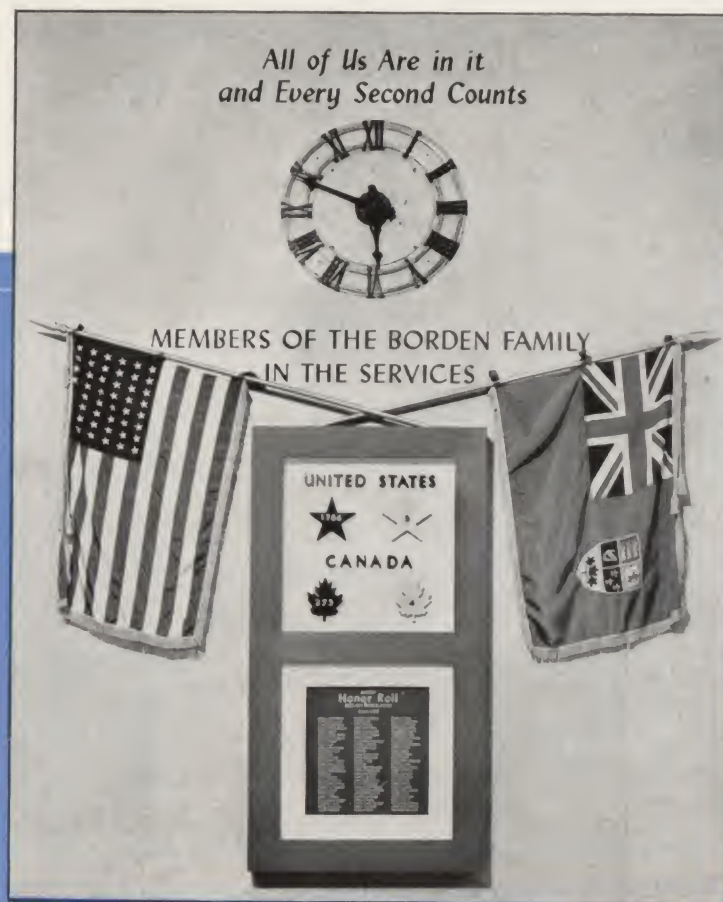
The development of another phase of employee relations which can be of great practical value was undertaken more intensively during

the year. The Borden Company is a large and complex organization of 27,216 people, which processes more than 140 different items, and markets them through widely divergent channels. It is natural, therefore, that the individual's knowledge of the company's activities, problems and accomplishments in divisions other than his own is likely to be slight. The detailed program undertaken has as its objective the bringing about of a more thorough understanding by all employees of the products and problems of the company as a whole. Such understanding benefits not only employee esprit de corps, but also consumer relations and sales.

Contributory Group Life Insurance in the aggregate amount of \$42,012,209 is maintained

on the lives of more than 90% of eligible employees. Contributory Group Accident and Health and Accidental Death and Dismemberment Insurance is carried by 7,779 employees. During the last policy year benefits totaling \$381,381 were paid by the insurance companies under these two plans.

The Safety Program of the company and its results deserve special note. So effective have been the safeguarding of machinery and equipment, and the maintenance of employee interest and cooperation that, according to the latest available figures of the National Safety Council, our frequency rate of lost time injuries and vehicular accidents was materially better than that of industry as a whole.



Typical Honor Roll in Borden plants, honoring the 2,353 men who have joined the Armed Services, nine of whom have made the supreme sacrifice.

Pre-employment and periodic physical examinations are carried on at all plants, and first aid and prompt medical services are also available. Over 6,000 Borden employees, more than 20% of the total, have been fully instructed and certified by the American National Red Cross to render first aid in emergencies.

FINANCIAL STATEMENTS

Financial statements for 1942 are presented on subsequent pages, together with the certificate of Haskins & Sells, Certified Public Accountants. In addition, a number of subjects of interest to stockholders, employees, customers, farmers and the general public, are dealt with in the customary informal manner.

* * *

Your company was served in 1942 by 13 directors, most of whom have served the company for some years. Those directors not connected with the management, as indicated on page 2 of this report, drew no salaries, and the only compensation they received as directors was the usual fees for attendance at meetings of the Board or its Committees. They have contributed much to Borden progress, and have

given generously of their time and counsel. Further, they have made available to the company and its management their broad business and financial experience, which has been most helpful in guiding the affairs of the company.

As to the future, it is impossible to make business predictions. 1943 will doubtless present greater and more perplexing problems than 1942. Every individual and every activity are certain to be affected. However, the company is strong financially and enjoys the good will of millions of consumers who use its products. Its organization is patriotic and alert and it will carry on in 1943 with the keenest sense of responsibility.

* * *

At the time this report was written, a total of 2,353 employees had joined the Armed Services, 2,060 from the United States and 293 from Canada. We again record our pride in them and those who will follow and pay high honor and tribute to the nine Borden men who have died in the cause of freedom.

This report is submitted by order of the Board of Directors.

THEODORE G. MONTAGUE,
President

ACCOUNTANTS' CERTIFICATE

THE BORDEN COMPANY:

We have made an examination of the consolidated balance sheet of THE BORDEN COMPANY and Domestic and Canadian subsidiary companies as of December 31, 1942, and of the related statements of consolidated net income, earned surplus, and capital surplus for the year ended that date, have reviewed the accounting procedures of the companies, and have examined their accounting records and other evidence in support of such financial statements. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all auditing procedures we considered necessary, which procedures were applied by tests to the extent we deemed appropriate in view of the systems of internal control.

During the year, upon authorization of the Board of Directors, the Company added \$2,500,000 to its Special Contingency Reserve as provision for wartime contingencies and transition to peacetime economy, by charge to income. Although a provision for this purpose is appropriately chargeable against income we are not in a position to express an opinion as to the amount so charged.

In our opinion, subject to the comment in the preceding paragraph, the accompanying consolidated balance sheet and related statements of consolidated net income, earned surplus, and capital surplus, with the footnotes thereon, fairly present the financial condition of the companies at December 31, 1942 and the results of their operations for the year ended that date, in conformity with generally accepted accounting principles and practices which, except for the change indicated in footnote (a) which we approve, were consistent with those followed in the preceding year.

Haskins & Sells.

New York,
February 23, 1943

THE BORDE

and Domestic and Canadi

CONSOLIDATED BALANCE SHEET,

		ASSETS	
		December 31	
		1942	1941
CURRENT ASSETS:			
Cash		\$ 22,763,266.89	\$ 20,321,433.05
Marketable Securities:			
(Including deposits with Governmental authorities under Workmen's Compensation and Milk Control Laws, etc., 1942, \$1,714,541.81; 1941, \$1,920,166.48)			
1942—at Cost (Market Value \$9,719,405.80)		9,586,707.95	
1941—at Market Value (Cost \$4,505,877.76 less Reserve \$16,802.60)			4,489,075.16
Receivables		16,459,547.68	18,089,718.40
(Including salary advances to employees—1942, \$63,942.25; 1941, \$90,847.53) less Reserve for Doubtful Accounts—			
1942, \$2,265,501.26; 1941, \$2,083,189.13			
Inventories—At the Lower of Cost or Market:			
Finished Goods	Materials & Supplies		
1942—\$13,526,362.47	\$15,320,974.83	28,847,337.30	
1941— 15,601,763.40	13,093,786.13		28,695,549.53
Total Current Assets		\$ 77,656,859.82	\$ 71,595,776.14
MISCELLANEOUS ASSETS:			
Investments In, and Advances To, Foreign Affiliated Companies		\$ 523,534.03	\$ 150,509.77
Mortgages		2,026,376.42	2,007,622.23
Other Receivables and Investments		2,158,120.06	2,151,407.28
Total		\$ 4,708,030.51	\$ 4,309,539.28
Less Reserves		1,542,845.64	1,100,277.11
Net Miscellaneous Assets		\$ 3,165,184.87	\$ 3,209,262.17
PROPERTY, PLANT AND EQUIPMENT		\$125,436,701.26	\$122,283,570.61
(Principally at cost, but in part at lower valuations established by the Company)			
Less Reserves for Depreciation		56,472,689.96	52,905,559.72
(Based upon above property valuations)			
Net Property, Plant and Equipment		\$ 68,964,011.30	\$ 69,378,010.89
PREPAID ITEMS AND DEFERRED CHARGES		\$ 1,018,063.08	\$ 902,581.46
TRADE-MARKS, PATENTS AND GOOD-WILL		\$ 1.00	\$ 1.00
TOTAL		\$150,804,120.07	\$145,085,631.66

NOTE (1) The above balance sheet does not contain any salvage values which ultimately may be realized from properties, now owned and not essential to operations which heretofore have been written off.

NOTE (2) Net Current assets of Canadian subsidiaries have been converted at the official exchange rate and are included above at their U. S. dollar equivalent of \$4,753,408 at December 31, 1942. Other assets of such subsidiaries aggregating \$5,361,969 at the end of 1942 are included at parity of exchange. The figures for 1941 include \$4,412,260 of net current assets in foreign countries converted at exchange rates prevailing at December 31, 1941, and \$5,605,841 of other assets converted at parities of the foreign currencies, which amounts comprehend the net assets of a British sales company excluded from consolidation in 1942.

N COMPANY
an Subsidiary Companies
DECEMBER 31, 1942 AND 1941

LIABILITIES

		December 31	
		1942	1941
CURRENT LIABILITIES:			
Accounts Payable		\$ 13,226,933.69	\$ 12,528,976.22
(Including current maturities of serial notes, \$501,000 in each year)			
Accrued Accounts:			
Taxes		2,200,818.73	5,015,567.28
(1942—After deducting \$8,800,000 Tax Savings Notes equal to provision for United States Income and Excess Profits Taxes)			
Other		3,854,328.92	3,357,881.01
Total Current Liabilities		<u>\$ 19,282,081.34</u>	<u>\$ 20,902,424.51</u>
NON-CURRENT LIABILITIES:			
Notes Payable—2% Serial Notes maturing \$501,000 annually until 1950; remainder in 1951		\$ 10,998,000.00	\$ 11,499,000.00
Other		378,013.65	334,716.08
Total Non-Current Liabilities		<u>\$ 11,376,013.65</u>	<u>\$ 11,833,716.08</u>
RESERVES:			
Contingency Reserve		\$ 2,545,184.78	\$ 2,545,184.78
Special Contingency Reserve		4,000,000.00	1,500,000.00
For Replacement of Depleted Normal Inventories		2,039,075.50	
For Purchase of Employees' Deferred Retirement Annuities—based on service prior to July 1, 1939		802,028.79	856,677.39
Insurance Reserves		6,051,020.41	5,543,037.79
Other Operating Reserves		1,855,331.01	1,019,835.70
Total Reserves		<u>\$ 17,292,640.49</u>	<u>\$ 11,464,735.66</u>
CAPITAL STOCK—THE BORDEN COMPANY:			
Common \$15.00 Par—Authorized 8,000,000 shares; Issued 4,417,958 shares			
	Treasury Stock	Outstanding	
1942—	41,254 shares	4,376,704 shares	\$ 65,650,560.00
1941—	21,254 "	4,396,704 "	\$ 65,950,560.00
SURPLUS:			
Capital Surplus		\$ 13,665,245.96	\$ 13,563,370.62
Earned Surplus		23,537,578.63	21,370,824.79
Total Surplus		<u>\$ 37,202,824.59</u>	<u>\$ 34,934,195.41</u>
TOTAL		<u><u>\$150,804,120.07</u></u>	<u><u>\$145,085,631.66</u></u>

THE BORDE

and Domestic and Canadi

STATEMENT OF CONSOLIDATED NET INCOME For the Years Ended December 31, 1942 and 1941

	Year Ended December 31	
	1942	1941
NET SALES	\$325,350,306.08	\$259,128,514.71
OTHER INCOME:		
Interest, Dividends and Royalties	506,932.76	556,562.77
Rentals, less Expenses of Properties Rented or Unessential to Operations	203,638.03	103,724.08
Other	249,225.23	221,173.52
TOTAL	<u>\$326,310,102.10</u>	<u>\$260,009,975.08</u>
LESS:		
Cost of Goods Sold	\$278,631,358.74	\$223,191,027.59
Selling, General and Administrative Expenses and Other Charges	25,343,331.02	23,464,721.42
Interest Expense	271,881.60	91,959.01
Provision for Wartime Contingencies and Transition to Peacetime Economy	2,500,000.00	1,500,000.00
Provision for Deferred Repairs and Maintenance	900,000.00	
Provision to Reserve for Miscellaneous Assets	500,000.00	
Provision for Federal and Other Taxes on Income (less post-war credits)	9,783,876.59	3,491,694.92
TOTAL	<u>\$317,930,447.95</u>	<u>\$251,739,402.94</u>
NET INCOME FOR THE YEAR	<u>\$ 8,379,654.15</u>	<u>\$ 8,270,572.14</u>
Net Income per Share of Stock Outstanding at End of Year	\$1.91	\$1.88

Provision for depreciation charged to operations was \$6,483,314.10 for 1942 and \$6,194,108.58 for 1941.

NOTE (a) In recent years the Company has employed the last-in, first-out method of costing out inventories of certain products in order to reflect current cost of production in cost of goods sold. In 1942, as an extension of this method, the Company provided a reserve of \$2,039,075.50 so that the quantities by which normal inventories of these products have been depleted, may, when restored through subsequent production, be carried at values which existed at the beginning of the year.

NOTE (b) Net Income of Canadian subsidiaries has been converted at the official exchange rate and is included above at the U. S. dollar equivalent.

NOTE (c) This statement does not include the Company's share of approximately \$65,000 in the net income for 1942 of unconsolidated foreign affiliated companies, from which companies no dividends were received during the year. However, the statement for 1941 includes \$3,968.40 of net income of a British sales company excluded from consolidation in 1942.

N COMPANY

an Subsidiary Companies

STATEMENT OF CONSOLIDATED EARNED SURPLUS

For the Years Ended December 31, 1942 and 1941

	Year Ended December 31	
	1942	1941
BALANCE AT BEGINNING OF YEAR	\$ 21,370,824.79	\$ 19,248,568.25
Less surplus of a British sales company excluded from consolidation in 1942	78,690.61	
Adjusted balance at beginning of year	\$ 21,292,134.18	
NET INCOME FOR THE YEAR	8,379,654.15	8,270,572.14
TOTAL	\$ 29,671,788.33	\$ 27,519,140.39
DEDUCT—Dividends Paid during the Year (\$1.40 per share in each year)	6,134,209.70	6,148,315.60
BALANCE AT END OF YEAR	\$ 23,537,578.63	\$ 21,370,824.79

STATEMENT OF CONSOLIDATED CAPITAL SURPLUS

For the Years Ended December 31, 1942 and 1941

	Year Ended December 31	
	1942	1941
BALANCE AT BEGINNING OF YEAR	\$ 13,563,370.62	\$ 13,674,792.78
Proceeds from disposal of unessential properties previously written off against Capital Surplus, and fair operating values ascribed to other such properties adapted to some operating use	338,818.28	268,887.64
TOTAL	\$ 13,902,188.90	\$ 13,943,680.42
DEDUCT—Write-off of Good-Will purchased during the year	236,942.94	380,309.80
BALANCE AT END OF YEAR	\$ 13,665,245.96	\$ 13,563,370.62

BORDEN — AN INTEGRAL PART OF TWO NATIONS



1942

	FARMERS PAYROLL TAXES, 1942	NUMBER OF EMPLOYEES (AVERAGE, 1942)	NUMBER OF STOCKHOLDERS (DEC. 31, 1942)
UNITED STATES AND CANADA	\$226,221,409	27,213	48,779
UNITED STATES TERRITORIES			122
OTHER COUNTRIES	\$519,659	3	133
ADJUSTMENT TO U.S. DOLLAR	(\$1,815,262)		
TOTALS	\$224,925,806	27,216	49,034

War and the Dairy Industry

Our constantly enlarging armed forces, lend-lease and foreign rehabilitation require even more dairy products as the war progresses. Added to these requirements are the greater demands of civilians with better buying power and understanding of nutrition.

Although the goal for United States milk production in 1942 was not attained, farmers nevertheless produced a record volume of 119½ billion pounds. This was accomplished despite the fact that price relationships were not as advantageous for milk as for live stock production and that labor on farms was depleted by the call to military service and higher wages in munition plants.

The milk produced in the United States last year was sufficient, however, to make 30 per cent more powdered skim milk, 26 per cent more whole milk powder, 17 per cent more Cheddar cheese, and 9 per cent more evaporated milk. Simultaneously consumption of ice cream gained 15 per cent and bottled milk 12 per cent. As a result of these increased uses of milk less was available for butter, which showed a 5 per cent decrease.

The government has ordered 30 per cent of the monthly production of butter, 50 per cent of Cheddar cheese and 90 per cent of spray powdered skim milk set aside in 1943, to assure a supply of those products for its needs. Heavy

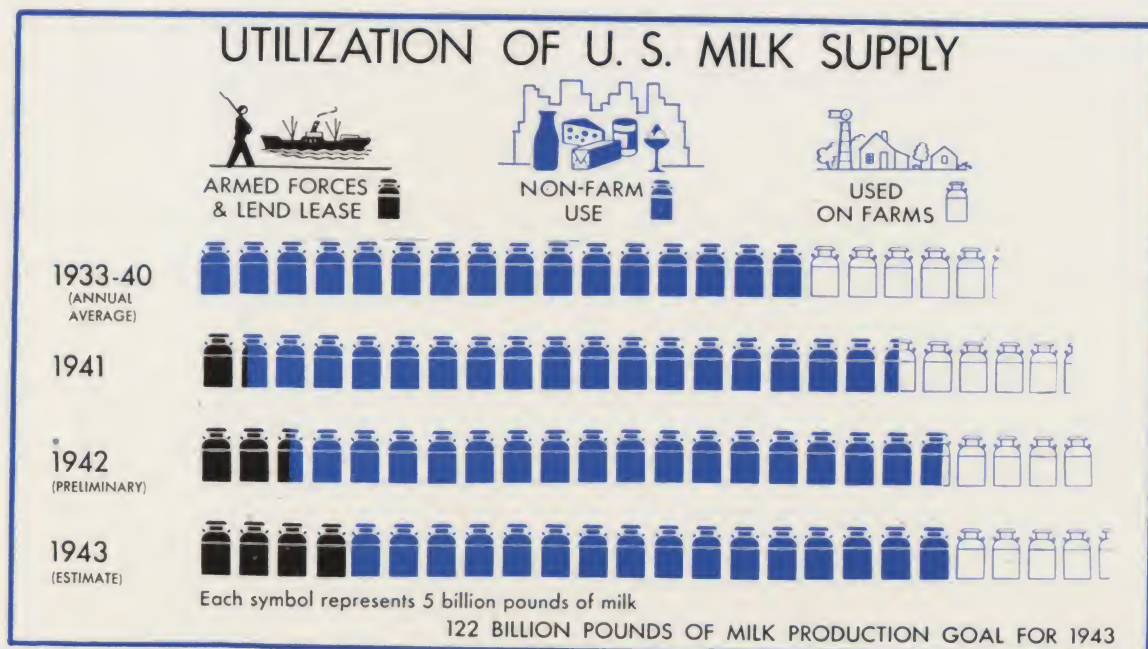
cream has been eliminated from the retail market and the volume of milk products for making ice cream for civilian use has been greatly restricted.

The government has set a milk production goal of 122 billion pounds for 1943, but even that will not meet all the demands.

A system of subsidy in three fluid milk markets to pay more to dairy farmers without increasing consumer prices was discontinued at the close of the year after a few months' trial. Subsidies to farmers have been put into effect for Cheddar cheese in an effort to stimulate further production while retaining OPA's ceiling price.

About mid-year 1942 lend-lease emphasis shifted from evaporated to powdered milk, primarily to save shipping space. Necessary equipment for drying milk is limited and economic sources of supply for such purpose are available only in a limited way outside the heavy milk producing areas where other product demands already exist. However, the industry shifted with this demand and is making a very creditable showing.

These are the conditions under which the dairy industry has operated in 1942 and will operate in 1943. Government needs must be met first in order that maximum effort may be exerted to win an early victory.



How We Stood on December 31, 1942

The Balance Sheet at the end of the year is a statement which shows what is Owned and what is Owed, — the difference representing Net Worth. This statement is shown below in a descriptive manner. The values have been divided by the average number of employees (27,216) to show the investment per employee.

WE OWNED (Assets)		INVESTMENT PER EMPLOYEE
CASH—In banks and on hand available to pay for milk, payroll, supplies, freight and other services. The funds on hand are only sufficient for about one month's average operation....	\$ 22,763,267	\$ 836
MARKETABLE SECURITIES—Including substantial amounts of United States and Canadian government bonds some of which are on deposit with various governmental authorities to guarantee compliance with their milk control laws, workmen's compensation acts, etc.	9,586,708	352
RECEIVABLES—Money to be received by us from customers and others. This represents about 20 days' sales, most of which was collected currently in January.....	16,459,548	605
INVENTORIES—Stocks of finished goods, goods in process, raw materials and supplies in plants and warehouses	28,847,337	1,060
MISCELLANEOUS ASSETS—Consisting principally of mortgages received from sales of properties and loans to farmers to purchase cattle, collection of which will extend beyond the current year and therefore are not included in current receivables above.....	3,165,185	116
PROPERTY, PLANT AND EQUIPMENT—Plants in which our employees work; also machinery, processing and delivery equipment, fixtures, etc., used in our operations; after deducting the allowance for accumulated wear and tear to date (which is the depreciation reserve)	68,964,011	2,534
PREPAID ITEMS AND DEFERRED CHARGES—Including prepaid taxes, rents, etc.....	1,018,063	38
TRADE-MARKS, PATENTS AND GOOD-WILL—For which the Company expended millions in advertising and research. For conservative purposes this is carried at a nominal amount	1	
TOTAL OF WHAT WE OWNED (Assets)	\$150,804,120	\$5,541

WE OWED (Liabilities)

CURRENT LIABILITIES—Including bills for milk, materials, supplies and services purchased, principally in December, but not due for payment until January. This also includes provision for commissions and payrolls for the last part of the month and items on which bills have not been rendered, such as taxes exclusive of U. S. Income Taxes which have been provided for by our holdings of U. S. Tax Savings Notes, and other miscellaneous expenses, as well as maturities of serial notes due in 1943 in the amount of \$501,000	\$19,282,081
NON-CURRENT LIABILITIES—Represents liabilities not payable within the next twelve months. Notes payable after 1943 in the amount of \$10,998,000 is the principal item herein	11,376,014
TOTAL OF WHAT WE OWED (Liabilities)	\$ 30,658,095

STOCKHOLDERS' FUNDS AND RESERVES

Represented by:

Amounts which have been retained in Reserves for contingencies that may arise and for other operating purposes.....	\$17,292,640
Stockholders' investment in the Capital Stock and Capital Surplus of the Company	79,315,806
Stockholders' investment in Earned Surplus—being that part of past earnings retained in the business to strengthen the Company's financial condition	23,537,579
TOTAL STOCKHOLDERS' FUNDS AND RESERVES	\$120,146,025

The Results of 1942 Operations

The Statement of Net Income, sometimes referred to as the Profit and Loss Statement, shows the results for the full year's operations. In the following tabulation this is shown in relation to each dollar of sales. The figures cover all products and all markets and the resultant profit, therefore, is much better than the unsatisfactory return from fluid milk operations alone.

At the end of 1942 the inventories of finished goods were \$2,075,400 less than at the end of the previous year due to the abnormal demands made upon some divisions, for the greatly augmented requirements of our own armed forces and the government's lend-lease program. Therefore more goods were sold in 1942 than were produced during that year. Hence, the following statement reflects not only the money paid to farmers and employees during the year, but also includes such expenditures for products made in the previous year but sold during 1942.

RECEIPTS:

		CENTS PER DOLLAR OF SALES
SALES—Amount charged our customers for products sold	\$325,350,306	100. ¢
OTHER INCOME—Including rentals, royalties and interest and after deduct- ing interest expense and provision to Reserve for Miscellaneous Assets....	187,914	
TOTAL	\$325,538,220	

DISPOSITION:

TO FARMERS—Paid for milk, cream, butter, cheese, etc., a total of \$151,943,042 during 1942 and approximately \$1,320,000 in the previous year for products then produced but sold during 1942.....	\$153,263,042	47.1¢
PAYROLL—Wages and salaries paid to employees during 1942 amounted to \$57,886,360 and in addition approximately \$82,000 was paid in the previous year to produce goods not sold until 1942.....	57,968,360	17.8¢
TAXES—To Federal, State, local and Canadian governments..... <i>(This amount for taxes is nearly twice as much as the remaining Net Income for the year)</i>	15,096,404	4.6¢
TOTAL DAIRY PRODUCTS, PAYROLL AND TAXES.....	\$226,327,806	* 69.5¢
*This 69.5¢ is for all combined operations including evaporated milk, dry milk, ice cream, etc., as well as fluid milk. In divisions conducting a fluid milk business only, the ratio of these costs to the sales dollar is higher, being about 85.4¢.		

COSTS AND EXPENSES OF OPERATIONS—Paid suppliers for bottles, containers, packing materials, coal, oil, gasoline, feed, sugar, tin plate and other materials; and others for services such as freight, rent, light, power, telephone, telegraph, advertising, repairs, and other items, and including special reserve provisions made because of wartime contingen- cies, and after absorbing all other cost factors of inventory fluctuations....	84,347,446	25.9¢
DEPRECIATION—This year's proportion of the amount necessary to pro- vide for the eventual replacement of buildings, machinery, vehicles and equipment, due to wear and tear in the Company's operations.....	6,483,314	2. ¢
TOTAL OF ABOVE COSTS AND EXPENSES.....	317,158,566	97.4¢
NET INCOME—(Net earnings before dividends)	\$ 8,379,654	2.6¢

This represents a return on sales of 2.6%. After payment of dividends of \$6,134,209 to 49,034 Stockholders, the balance of Net Income was left in the business to strengthen the Company's financial condition.

Dehydrated Foods

The war has given enormous impetus to the dehydration of food. In a situation in which more space in ships may mean life or death to American soldiers, small bulk is vital.

To many people dehydration is new — yet units of The Borden Company pioneered in several processes almost half a century ago.

The Merrell-Soule Company, a Borden Division, started experimenting with the drying of various foods before the turn of the century and in 1906 started the spray drying of milk. The Dry Milk Company, another division, pioneered in dehydrating milk by the roller process. From these two beginnings grew the company's business in dried skim and whole milk which, even before the war, was the largest in the world. Today, this volume has been increased materially beyond the pre-war level.

Natural lemon and orange juices were dried on Merrell-Soule spray equipment as long ago as 1918, at the close of World War I. For years the company has enjoyed a considerable business in these products, largely with the bakery trade. In this war, powdered lemon juice is used extensively in the Army K Ration, and our production has been multiplied many times to supply this urgent demand.

The company first dried eggs in 1911, and

has manufactured and sold them for limited periods since. They have not been in the Borden line consistently because their high production cost makes them vulnerable in normal times to the competition of frozen and cold storage eggs. The company is producing them today in large quantities at the request of the government for lend-lease and the armed forces.

Recently the company has developed dried cream soups, although they are now produced only for the armed forces. Three varieties are being manufactured now—pea, onion and tomato. Five more—carrot, spinach, corn, celery and asparagus—all with powdered milk as a base, will be added after the war when the entire line will be ready to offer to the public.

Dried coffee extract is being produced by the company for the army and offers excellent possibilities for marketing to consumers when raw product is again available.

Thus, through long experience and current research, the company is contributing materially to a vital war need. After the war, it will be prepared for active participation in the field of dehydrated foods, which seems destined to become one of the most important developments in the history of the food industry.





Wartime Advertising

During the first war year Elsie, Borden's unique trade character, continued to tell consumers about "her" products, but with a difference. More and more, in print and in person, she lent her support to important government projects such as War Bonds, Civilian Defense and the National Nutrition Program.

Her efforts in behalf of vital war causes will continue in 1943 and she will contrive at the same time to keep the Borden name fresh in the minds of her public, even though Borden products may not be as plentiful as in the past.

The company believes in the continuance of its advertising in times of war and even of scarcity. Trade names are valuable assets, and must be protected against depreciation, just as

other properties of the stockholders. Furthermore, during periods of shortage, customer problems become acute, and advertising offers the means of explaining why service has been curtailed, why products are difficult to get and how to use most effectively and economically the limited supplies which are available.

Finally, the government properly looks to business to use its advertising, in part at least, to support and explain urgent wartime projects of public interest. Elsie will continue, therefore, to depart somewhat from her single-minded and vigorous product selling to speak in behalf of those projects which now concern her, such as Wartime Nutrition, Victory Gardens, Point Rationing and Manpower on the Farm.

Principal Borden Products . .

UNITED STATES MANUFACTURED PRODUCTS

Except where otherwise indicated, products listed are sold generally throughout the country.

CONDENSED MILK

Eagle Brand.
Sold sectionally in various parts of the country: Challenge, Darling, Dime, Leader, Magnolia, Rose, Standard and Star Brands.

EVAPORATED MILK

Borden's Silver Cow.
Sold in the Eastern, Central and Southern States.
Borden's, Maricopa and St. Charles Brands.
Sold in the Western States.

MALTED MILK

Borden's (Plain and Chocolate Flavored).
Thompson's (Plain and Chocolate Flavored).

VITAMIN FORTIFIED FOOD DRINKS

Hemo.
Instant Mix—for making Hot Chocolate. *Except in 11 Western States.*
D-Q—Vitamin Fortified Fluid Milk—*Introduced in Connecticut.*

CHEESE

Liederkranz Cheese; Military Brand Camembert and Brie.
Bulk Natural Cheese (all varieties); Marty and Victory Brands Swiss; Pippin Brand American; Dutch Maid, Castle and Eagle Brands Limburger.
Sold sectionally in various parts of the country: Chateau; Borden's and Lakeshire Brands Process Cheese; Borden's Eagle and Baumert Brands Cream Cheese; Borden's Cocktail Cheese Spreads; Borden's Grated Cheese (American and Italian Styles); Blufort Brand Blue Cheese.

CONFECTIONERY

Borden's Tip Top and Royal Crest Caramels.
Borden's Crisps.

MINCE MEAT

None Such, Old Time, 1776, Colonial and Yo Ho.

PRESCRIPTION PRODUCTS

Biolac, Dryco, Mull-Soy, Beta Lactose, Klim, Powdered Whole Lactic Acid Milk, Powdered Protein Milk, Powdered Skimmed Lactic Acid Milk and Powdered Skimmed Milk.

MILK SUGAR

Bulk Milk Sugar and Beta Lactose.

POWDERED MILK

Klim.
In bulk only: Breadlac, Starlac and Certora Brands Skimmed Milk, and Parlac Brand Whole Milk.

OTHER DEHYDRATED PRODUCTS

In bulk only: Powdered Orange and Lemon Juices.
To Armed Forces only: Coffee Extract, Powdered Soups.

POULTRY AND ANIMAL FEED SUPPLEMENTS

Flaydry, Flaydry "D", Ration-Ayd, Dog Food Supplement, Furpro, Ladpro, Hopro, Cavpro and Fish Meal and Vitamin Oils for Poultry and Livestock.

ICE CREAM, DAIRY AND BAKERY PRODUCTS

Chocolate Syrups, Flavoring Extracts.
Dry Ice Cream Mix, Golden Whip, Egg Powders, Chocolate Flavored Powder for Dairy Drinks, Baiz.
Cheese Flavoring Powder, Cheese Coating for Popcorn.

VITAMIN PRODUCTS

Natural A and D Concentrates, Rice Polish Concentrates.
B Complex Syrups, Vitamin Oils in bulk, Synthetic Vitamins.

CANNED FISH

Principally to Armed Forces:
Farallone Brand Sardines, Herring, Mackerel and Tuna.

CASEIN AND ADHESIVES

Casco Powdered Casein Glue, Casco Flexible Cement, Casco Wall Size, Cascamite Resin Glue and Bulk Casein.

FLUID MILK

Cities where principal Fluid Milk Plants are located and Brands under which the milk is sold.

ARIZONA		LOUISIANA		OHIO—(Con't.)	
Phoenix	Borden's Maricopa	Lake Charles	Borden's	Mansfield	Levering's
CALIFORNIA		MICHIGAN		Marion	Moore's & Ross
Burlingame	Borden's	Detroit Metropolitan District	Borden's	Middletown	Borden's Beck Dairy
Fresno	Borden's	Grand Rapids	Borden's	Newark	Borden's
Modesto	Borden's	MISSOURI		Portsmouth	Borden's
Oakland	Borden's	Kansas City	Borden's	Springfield	Borden's
Sacramento	Borden's	NEW JERSEY		Xenia	Borden's
San Francisco Metropolitan District	Borden's	Newark and Northern New Jersey—		Zanesville	Moore's & Ross
CONNECTICUT		Borden's and Walker-Gordon		OKLAHOMA	
Bridgeport	Mitchell and Walker-Gordon	Trenton	Castanea and Walker-Gordon	Oklahoma City	Borden's
Danbury	Mitchell and Walker-Gordon	NEW YORK		TEXAS	
Meriden	Mitchell and Walker-Gordon	Albany	Borden's	Amarillo	Borden's
Middletown	Mitchell and Walker-Gordon	Glens Falls	Borden's Adirondack	Corpus Christi	Borden's
New Haven	Mitchell and Walker-Gordon	New York Metropolitan District including		Dallas	Borden's
Norwalk	Borden's, Walker-Gordon and Mitchell	Westchester County and Long Island—		Denton	Borden's
Stamford	Borden's	Borden's, Walker-Gordon		El Paso	Borden's
ILLINOIS		and Borden's-Willow-Brook		Houston	Borden's
Chicago Metropolitan District	Borden's	Borden's Collar City		Lubbock	Borden's
INDIANA		Troy		San Antonio	Borden's
Hammond—Gary District	Borden's	Utica	Borden's	WEST VIRGINIA	
Lafayette	Furnas	OHIO		Huntington	Kennedy Dairy
Terre Haute	Borden's	Akron	Borden's-Averill and Borden's-Peoples	WISCONSIN	
Indianapolis	Borden's Capitol Dairies	Columbus	Borden's-Hamilton and Borden's-Moore's & Ross	Madison	Kennedy-Mansfield
		Dayton	Borden's Finch Farms	Milwaukee	Gridley
				Racine	Borden's

And Where They Are Sold

ICE CREAM

Cities where principal Borden Ice Cream Branches are located and Brands under which the ice cream is sold.

ARKANSAS		MARYLAND		OHIO—(Con't.)	
Texarkana	Borden's	Baltimore	Borden's and Hendler	Chillicothe	Borden's
CALIFORNIA		MASSACHUSETTS		Columbus	Furnas and Moores & Ross
Fresno	Borden's	Boston Met. District	Borden's and White House	Dayton	Borden's and Red Wing
Modesto	Borden's	North Adams	Borden's	Marion	Borden's
Oakland	Borden's	Springfield	Fossa	Mansfield	Borden's
Sacramento	Borden's	MICHIGAN		Newark	Borden's
San Francisco	Borden's	Detroit Metropolitan District	Borden's	Portsmouth	Borden's
San Francisco Metropolitan District	Borden's	Grand Rapids	Borden's	Springfield	Borden's
CONNECTICUT		Jackson	Borden's	Youngstown	Borden's
Bridgeport	Huber's, Mitchell's and MelOrol	Kalamazoo	Borden's	Zanesville	Moore's & Ross
Hartford	Borden's	Lansing	Borden's	OKLAHOMA	
Stamford	Borden's and Huber's	Saginaw	Borden's	Oklahoma City	Borden's
DELAWARE		MISSOURI		PENNSYLVANIA	
Wilmington	Sharpless	Kansas City	Borden's	Allentown	Sharpless
ILLINOIS		St. Louis	Borden's	Harrisburg	Borden's
Aurora	Borden's	NEW JERSEY		Philadelphia	Sharpless
Chicago	Borden's	Asbury Park	Borden's, Reid's and Horton's	York	Borden's
Elgin	D. & W.	Atlantic City	Sharpless	TEXAS	
Joliet	Borden's	Paterson (Northern New Jersey)—	Borden's, Reid's, Horton's and MelOrol	Amarillo	Borden's
Rockford	D. & W.	Trenton	Sharpless	Beaumont	Rettig's
INDIANA		NEW MEXICO		Corpus Christi	Borden's
Fort Wayne	Furnas	Clovis	Borden's	Dallas	Borden's
Indianapolis	Furnas and Velvet	Las Cruces	Borden's	El Paso	Borden's
Kokomo	Furnas	NEW YORK		Houston	Rettig's
Richmond	Borden's and Red Wing	Albany	Hosler and Helderberg	Lubbock	Borden's
Shelbyville	Furnas and Velvet	Glens Falls	Borden's and Hall's	San Antonio	Borden's
South Bend	Furnas	Kingston	Borden's, Horton's and Hosler	VERMONT	
Terre Haute	Borden's	Middletown	Borden's, Reid's and Horton's	Burlington	Borden's
IOWA		New York Metropolitan District including	Westchester County and Long Island—	Woodstock	Borden's
Cedar Rapids	Hutchinson	Borden's, Reid's, Horton's, Ricciardi,	Carpenter, LaRue and MelOrol	WEST VIRGINIA	
Davenport	Hutchinson	Ogdenburg	Borden's	Charleston	Borden's
Fort Dodge	Hutchinson	Poughkeepsie	Schrauth's	Huntington	Borden's
Mason City	Hutchinson	Rochester	Borden's and Teall	Kenova	Borden's
Waterloo	Hutchinson	Troy	Borden's and Hosler	Wheeling	Borden's
KANSAS		Utica	Borden's and Rob Roy	WISCONSIN	
Leavenworth	Borden's	OHIO		Fond du Lac	Sessions
Topeka	Borden's	Akron	Borden's	Madison	Kennedy
KENTUCKY		Canton	Borden's	Milwaukee	Gridley
Pikeville	Borden's	CANADA		Racine	Borden's
LOUISIANA		MANUFACTURED PRODUCTS			
Baton Rouge	Borden's	CONDENSED MILK			
Lake Charles	Borden's	Eagle Brand, Reindeer Brand and Purity Brand.			

CONDENSED MILK

Eagle Brand, Reindeer Brand and Purity Brand.

EVAPORATED MILK

Borden's St. Charles and Borden's Silver Cow.

POWDERED MILK AND CREAM

Klim, Trucream, Trumilk, Drimilk, Milkstock, C.M.P., Breadlac and Starlac.

FLUID MILK

Cities in which Borden Branches are located and Brands under which the products are sold.

ONTARIO		ONTARIO		QUEBEC	
Hamilton	Borden's	Belleville	Borden's and MelOrol	Montreal	Joubert, Borden's MelOrol
Niagara Falls	Borden's	Chatham	Borden's and MelOrol	Three Rivers	Joubert, Borden's MelOrol
Ottawa	Ottawa Dairy	Cornwall	Borden's and MelOrol		
Toronto	Borden's and Caulfield	Hamilton	Borden's and MelOrol		
Windsor	Borden's	Kingston	Borden's and MelOrol		
QUEBEC		Kitchener	Borden's and MelOrol		
Montreal	Borden's and Joubert	London	Borden's and MelOrol		
		QUEBEC			
		Montreal	Joubert, Borden's MelOrol	Sherbrooke	Joubert, Borden's MelOrol

FOR VICTORY



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